

CPP ANNUAL USE OF CAPITAL SURVEY - 2011



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

FIRST FINANCIAL HOLDINGS, INC.

Point of Contact:	Blaise B. Bettendorf, CFO	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	110	Docket Number: (For Thrift Holding Companies)	1214
CPP/CDCI Funds Received:	65,000,000	FDIC Certificate Number: (For Depository Institutions)	28994-9 (SAIF)
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 05, 2008	City:	Charleston
Date Repaid ¹ :	N/A	State:	South Carolina

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

During the 2011 reporting year, First Federal has originated mortgage loans totaling \$592 million of which we held in our portfolio \$272 million and sold the balance; commercial loans of \$85 million and other consumer loans of \$99 million.

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☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Residential 1-4 Family Mortgages, Home Equity Loans, Manufactured Housing Loans; Commercial Loans primarily to small businesses

☒ **Increase securities purchased (ABS, MBS, etc.).**

During the 2011 reporting year, First Federal purchased approximately, \$138 million par value of mortgage-backed securities.

☐ **Make other investments.**

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☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

☒ Increase charge-offs.

In an effort to cleanse the balance sheet and reduce nonperforming assets, we sold approximately \$202 million (UPB) of classified and nonperforming loans in a bulk sale resulting in \$95 million incremental charge-offs during 2011. NPAs are now below 1.4% of total loans.

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<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution.
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<input type="checkbox"/>	Held as non-leveraged increase to total capital.
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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

N/A

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Bulk sale of \$202 million (UPB) of classified and nonperforming loans (referenced above) completed in 2011. This reduced our NPA ratio from a high of 4.84% (March 31, 2011) to 1.35% at December 31, 2011. This positions the bank for a return to sustainable profitability and removes significant risk from the balance sheet in the remaining loan portfolio.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

First Federal continues with successes through its Mortgage Resolution Support Team helping homeowners stay in their homes by restructuring their mortgage payments to fit their budgets. During calendar 2011 we approved 88 modification requests for a total loan amount of \$13.8 million. Our success rate post-modification continues to exceed 90%.